

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 IO-13 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 COME-00

PA-03 PRS-01 USIA-12 RSR-01 CIAE-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 /182 W

----- 041673

R 101350Z JUL 73

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 9082

INFO AMEMBASSY LONDON

C O N F I D E N T I A L LUSAKA 1232

E.O. 11652: GDS

TAGS: EAID, EFIN, PFOR, ZA, UK, US

SUBJ: ZAMBIAN DISAPPOINTMENT WITH DEVELOPED WORLD ASSISTANCE

1. SUMMARY. LUSAKA MEETINGS OF GOVERNORS OF AFRICAN DEVELOPMENT BANK (ADB) AND FUND JULY 2-7 PROVIDED OCCASION FOR GRZ EXPRESS DISAPPOINTMENT RE RESPONSE OF SOME DEVELOPED COUNTRIES TO LDC'S, WITH BRITAIN BEARING THE BRUNT OF THE CRITICISM. THIS EXPLAINED BY (A) ZAMBIAN FRUSTRATION OVER CONTINUING IMMOBILITY ON RHODESIAN SETTLEMENT AND (B) DESIRE OPPORTUNITY TO POSTURE BEFORE SYMPATHETIC AUDIENCE. END SUMMARY.

2. AT OPENING ADB MEETING, PRESIDENT KAUNDA LED OFF BY NOTING "ATTITUDE OF MOST ADVANCED COUNTRIES...IN THE MAIN UNSYMPATHETIC" AND "IN CERTAIN DEVELOPED COUNTRIES OUR PROBLEMS ARE IGNORED AND TREATED CONTEMPTUOUSLY." THIS WHY ADB HAS IMPORTANT ROLE TO PLAY IN PRESENTING LDC INTERESTS AT INTERNATIONAL LEVEL. SAID AF'S NOT DESPAIRING. "THERE IS ENLIGHTENED OPINION IN SEVERAL PARTS OF DEVELOPED WORLD" AND THERE EVIDENCE THIS GROWING. MOREOVER, IT "UNREALISTIC ASSUME OUR PROBLEMS WILL BE RESOLVED BY MERE ASSISTANCE FROM DEVELOPED COUNTRIES" FOR THAT "PRIMARILY AND ESSENTIALLY OUR OWN OBLIGATION."

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3. FINANCE MINISTER MWANAKATWE FOLLOWED UP IN SAME VEIN AT

INAUGURAL FUND MEETING AND CALLED ON RICH AND POOR TO BECOME "PARTNERS IN DEVELOPMENT" TO PROMOTE NEW WORLD SOCIAL ORDER. AT RECEPTION FOR ADB DELEGATES JULY 3, MWANAKATWE POINTED PARTICULARLY TO "SOME COUNTRIES IN WEST," SAYING THEY HAD MADE LOAN OFFERS WHICH, WITH SOME EXCEPTIONS, "TOO MODEST IN RELATION TO THEIR CAPACITY" AND "IN SOME RESPECTS LOANS OFFERED BY WEST ALMOST AMOUNT TO INSULT."

4. MWANAKATWE'S PERMSEC CHIBWE SOUGHT ASSURE US THESE STATEMENTS NOT DIRECTED AT US. ALSO PRESIDENTIAL SPECIAL ASSISTANT CHONA TOLD AMBASSADOR STATEMENTS SHOULD BE SEEN AS STRONG GENERAL APPEALS FOR HELP RATHER THAN ATTACKS ON ANYONE IN PARTICULAR. THIS REFLECTS SPIRIT IN WHICH MWANAKATWE MOST APPRECIATIVELY ACCEPTED USAID PROGRAM LOAN JUNE 30 (LUSAKA 1198). ON THAT OCCASION MINISTER ALMOST REPEATED GRATEFUL COMMENTS OF FOREIGN MINISTER MUDENDA MADE EARLIER TO AMBASSADOR. BOTH REFERRED TO LOAN AS MODEST BUT NONETHELESS POLITICALLY SIGNIFICANT AND IMPORTANT TO OUR BILATERAL RELATIONS. BOTH HOPED FOR EXPANDED RELATIONS, ESPECIALLY IN ECONOMIC SPHERE.

5. ON JULY 5 FOREIGN MINISTER MUDENDA CONFIRMED SUSPICION THAT, IF GRZ HAD ANY COUNTRY PARTICULARLY IN MIND, IT WAS UK. REVIEWING FOR PARLIAMENT ASSISTANCE ZAMBIA HAD RECEIVED TO DEAL WITH BORDER CLOSURE CONSEQUENCES, HE SAID (AS IN FACT HAS BEEN SAID EARLIER) BRITAIN'S 2.5 MILLION DOLLAR LOAN WAS "UNREALISTIC" IN VIEW OF MAGNITUDE OF PROBLEM AND UK RESPONSIBILITY FOR DIFFICULTIES CAUSED BY RHODESIAN SITUATION.

6. IN MIDST OF THESE PRONOUNCEMENTS, MINISTER MWANAKATWE WAS MOVED TO REASSURE PARLIAMENT ON JULY 4 REGARDING ZAMBIA'S INTERNAL AND EXTERNAL DEBT POSITION. CITING LIMITATIONS ON ABILITY TO BORROW INTERNALLY AND NEED SECURE FOREIGN EXCHANGE BY EXTERNAL BORROWING AS WELL, MINISTER SAID CURRENT PUBLIC DEBT (K457.5 MILLION OF WHICH K197.1 MILLION EXTERNAL) WELL WITHIN CEILING PROVIDED IN LAW (K750 MILLION) AND COUNTRY'S CAPACITY REPAY. NOTED BORROWING POSITION COMPARED FAVORABLY WITH THAT OF OTHER AFRICAN COUNTRIES. FINANCE UNDER SECRETARY MWANASHIKU INFORMED US THAT MINISTER'S SPEECH WAS NOT RESULT OF ISSUE BEING RAISED BY MP'S OR ANYONE ELSE BUT WAS MOTIVATED BY FEELING THAT, WITH ALL THE TALK ABOUT THE LOANS ZAMBIA WAS CONFIDENTIAL

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RECEIVING AND SEEKING, IT TIME REASSURE PARLIAMENT AND PUBLIC THAT COUNTRY NOT OVER-EXTENDING ITSELF. WILKOWSKI

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